

MOVING TO WORK DEMONSTRATION AGREEMENT

This Agreement is entered into by and between the United States of America through the Department of Housing and Urban Development ("HUD") and the Seattle Housing Authority (the "Agency"). The term of this Agreement shall begin on the Date of Execution by HUD and continue for five (5) years unless otherwise specified herein.

WHEREAS, Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Pub. L. 104-134) (the "1996 Appropriations Act") establishes the Public Housing/Section 8 Moving to Work Demonstration program ("MTW"); and

WHEREAS, Section 204(a) of the 1996 Appropriations Act provides that public housing agencies ("PHAs") and the Secretary of the Department of Housing and Urban Development (the "Secretary") shall: have the flexibility to design and test various approaches for providing and administering housing assistance that reduce cost and achieve greater cost effectiveness in Federal expenditures; give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and increase housing choices for low-income families; and

WHEREAS, HUD may permit agencies to combine funds from several HUD programs, and may exempt agencies from existing public and Indian housing and Section 8 certificate and voucher rules under Moving to Work demonstration authority; and

WHEREAS, the Secretary has the authority to select up to thirty (30) agencies that administer the public housing and Section 8 programs to participate in the Moving to Work demonstration program; and

WHEREAS, the Secretary has determined that the Agency's application satisfies the Secretary's selection criteria as set forth in the Notice of Moving to Work Demonstration program and invitation to apply, published December 18, 1996 (61 Fed. Reg. 66856), and selected the Agency to participate in the Moving to Work demonstration; and

WHEREAS, the parties have previously entered into one or more annual contributions contracts ("the ACCs") setting forth the terms and conditions under which the

Agency participates in the public housing and/or Section 8 certificate and voucher programs administered by HUD; and

WHEREAS, it is the aim of this demonstration to design and test innovative methods of providing housing and delivering services to low-income families in an efficient and cost effective manner, HUD and the Agency agree to fully cooperate with each other in order to make the MTW demonstration a success; and

WHEREAS, the parties desire to state the terms and conditions under which HUD will permit the Agency to participate in the Moving to Work Demonstration program as set forth in the Agency's HUD-approved Statement of Authorizations, attached hereto as Appendix . The Statement of Authorizations is hereby incorporated into this Agreement.

NOW, THEREFORE, in reliance upon and in consideration of the mutual representations and obligations hereunder, the parties do agree as follows:

ARTICLE I. HUD Program Requirements and Other Federal Requirements.

A. This Agreement supersedes the terms and conditions of the ACCs and the provisions of the United States Housing Act of 1937 (the "1937 Act") and HUD requirements to the extent necessary for the Agency to implement its MTW demonstration, as approved by HUD in this Agreement. All authorizations contained in this Agreement are for the length of the demonstration only, unless otherwise specified. Except as necessary to implement the Agency's activities described in the Statement of Authorizations, the Agency is subject to the requirements of the ACCs, the 1937 Act, and other HUD requirements. Notwithstanding anything in this Agreement, the following provisions of the 1937 Act , as otherwise applicable, shall continue to apply to the Agency and/or assistance received pursuant to the 1937 Act:

1. The terms "low-income families" and "very low-income families" shall continue to be defined by reference to Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2));
2. Section 18 of the 1937 Act (42 U.S.C. 1437p, as amended by Section 1002(d) of Public Law 104-19, Section 201(b)(1) of Public Law 104-134, and Section 201(b) of Public Law 104-202), governing demolition and disposition, shall continue to apply to public housing notwithstanding any use of the housing under MTW; and

3. Section 12 of the 1937 Act (42 U.S.C. 1437j), governing wage rates, shall apply to housing assisted under MTW unless tenant-based assistance is the only assistance received by participating families and the housing in which they reside receives no other assistance.
- B. To the extent described in the Statement of Authorizations, as applicable and as approved by HUD, the Agency may combine operating subsidies provided under Section 9 of the 1937 Act (42 U.S.C. 1437g), modernization funding provided under Section 14 of the 1937 Act (42 U.S.C. 1437l) and assistance provided under Section 8 of the 1937 Act for the certificate and voucher programs (42 U.S.C. 1437f) to fund HUD approved MTW activities.
- C. Unless otherwise provided herein, this Agreement does not apply to Section 8 assistance that is required: (a) to meet existing contractual obligations of the Agency to a third party (such as Housing Assistance Payment contracts with owners under the Agency's Section 8 certificate and voucher program); (b) for payments to other PHAs under Section 8 portability billing procedures; or (c) to meet particular purposes for which HUD has expressly committed the assistance to the Agency.
- D. The Agency agrees to comply with HUD requirements governing the MTW program. Such HUD requirements include, but are not limited to management, financial, accounting, or other requirements designed to adequately track and monitor the Agency's use of HUD assistance. Notwithstanding other provisions of this Agreement, the Agency will be required to submit reports and financial statements as necessary in forms prescribed by HUD.
- E. The Agency agrees to cooperate fully with HUD and its contractors in the monitoring and evaluation of the MTW demonstration, to keep records and to submit reports and information to HUD as required of PHAs participating in the MTW program. Except as otherwise provided in this Agreement, the Agency shall submit an Annual Plan and Report as required by Section 5A of the 1937 Act (as amended), which shall include a separate section fully describing activities and uses of funding the Agency is undertaking through the MTW demonstration.
- F. Pursuant to the 1996 Appropriations Act, the amount of assistance that the Agency receives for public housing operating subsidies, public housing modernization grants, and Section 8 assistance for certificates and vouchers will not be diminished by the Agency's participation in the MTW program.
- G. Any HUD assistance that the Agency is authorized to use in the MTW demonstration must be used in accordance with the Agency's HUD-approved Statement of Authorizations (Appendix). The Agency hereby certifies that this Agreement has been approved by the Agency's governing board, and that a copy of such board approval has been provided to HUD.

- H. As required by the 1996 Appropriations Act, the Agency agrees that at least seventy-five percent (75%) of the families assisted by the Agency under the MTW demonstration program will be very low-income families. The Agency agrees to comply with the requirements of Section 16(a) (3) of the 1937 Act (as amended). The Agency agrees to continue to assist substantially the same number of eligible low-income families under MTW, and to maintain a comparable mix of families by family size, as would have been served or assisted if HUD funding sources had not been used under the MTW demonstration. The Agency agrees that housing assisted under MTW will meet housing quality standards established or approved by HUD.
- I. The Agency may adopt and implement any reasonable policies for setting rents for public housing, or rents or subsidy levels for tenant-based assistance, notwithstanding the U.S. Housing Act of 1937, provided that the Agency submits the policy to HUD annually, and upon any material change to the policy, and provided that:
1. the Agency's board approves of the policy, and any material changes, and approved an analysis of the impact of the policy on current households, and households on the waiting list, including an analysis of the severity of rent burdens on such households (such as an estimate of the number of households that would have rent burdens greater than 30 percent of adjusted income);
 2. the Agency reevaluates its rent and subsidy level policies annually, including preparing a revised impact analysis;
 3. the Agency adopts a policy for addressing hardship cases;
 4. the Agency provides a reasonable transition period for rent increases for existing tenants; and,
 5. a public hearing is held regarding the policy; provided however, that in the first year of the demonstration, this may be the same public hearing that was held regarding the Agency's MTW application, as long as the policy was included in the MTW application.

The rent policy, or any material changes to the rent policy will be effective upon submission to HUD of a board resolution as provided above. In the first year of the MTW demonstration, this may be the same board resolution as that approving the MTW Agreement.

- J. If applicable to activities under the Statement of Authorizations, the Agency agrees to provide HUD with any documentation that HUD needs to carry out its review under the National Environmental Policy Act (NEPA) and other related authorities and otherwise will assist HUD in complying with 24 CFR Part 50 environmental review procedures. The Agency further agrees (a) to carry out mitigating measures required by HUD or select an alternate eligible property, if permitted by HUD, and (b) not to acquire, rehabilitate, convert,

lease, repair or construct property, or commit HUD or local funds to program activities involving eligible property without HUD's approval under 24 CFR Part 50.

- K. The Agency will comply with all applicable nondiscrimination and equal opportunity requirements set forth in 24 CFR 5.105(a), and will administer its programs and activities in a manner affirmatively to further fair housing. In particular, the Agency must make reasonable modifications and accommodations needed by applicants and residents and must make units accessible in accordance with the Needs Assessment and Transition Plan as required under Section 504 of the Rehabilitation Act of 1973 and its implementing regulations.

ARTICLE II. Revision and Termination of Agency MTW Program

- A. With written HUD approval, this Agreement and the Statement of Authorizations may be revised by the Agency during the course of the demonstration. The Agency shall request approval of a revision by written notification to HUD (delivered to the Office of Policy, Program, and Legislative Initiatives, or its successor, in the Office of Public and Indian Housing), accompanied by an approved board resolution, or equivalent, and certification that the Agency has satisfied all resident participation requirements. HUD will review proposed revisions within a reasonable period of time. When proposing amendments to this Agreement, the Agency will provide notice and a reasonable period within which residents may comment. The Agency will consider these comments prior to amending this Agreement.
- B. HUD will cooperate with the Agency to extend successful demonstration activities beyond the term of the MTW demonstration where feasible. To the extent that MTW activities will not continue past the term of the demonstration, the Agency shall fully cooperate with HUD in developing and implementing a transition plan for terminating the Agency's MTW demonstration program and providing for the continued administration of the public housing and Section 8 programs, as applicable.
- C. At any time HUD may terminate this Agreement, and the Agency's MTW demonstration, for Agency default, or other good cause as determined by HUD after providing the Agency with notice and a reasonable opportunity to be heard.

ARTICLE III. Default.

- A. Definition of Default. Use of funds subject to this Agreement for a purpose other than as authorized by this Agreement; noncompliance with legislative, regulatory, or other requirements applicable to this Agreement; other material breach of this Agreement; or a

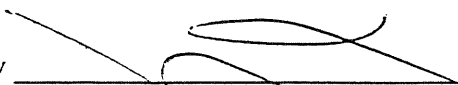
material misrepresentation in the MTW Plan submission by the Agency shall be a default under this Agreement.

- B. HUD's Determination of Default. If HUD determines that the Agency is in default, HUD will give the Agency written notice of the default and of the corrective or remedial action required or ordered by HUD.
- C. Corrective or remedial actions HUD may require or order under this Agreement for Agency default include, but are not limited to the following:
1. Requiring the Agency to prepare and follow a HUD approved schedule of actions and/or a management plan for properly completing the activities approved under this Agreement;
 2. Canceling or revising the affected activities, revising the budget for activities as necessary, and substituting other eligible activities;
 3. Prohibiting payment or reimbursement for any MTW demonstration activities or for those activities affected by the default;
 4. Requiring reimbursement by the Agency to HUD for amounts used improperly.
 5. Terminating this Agreement;
 6. Changing the method of payment to the agency;
 7. Suspending the Agency's authority to make draws or receive or use funds for affected activities;
 8. Reducing the Agency's funding in the amount affected by the default;
 9. Terminating the Agency's funding as to further activities under the MTW demonstration;
 10. Taking any other corrective or remedial action legally available; and
 11. Taking action, as applicable, pursuant to the Section 8 and/or public housing Annual Contributions Contract.

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This Agreement is effective upon execution, except as otherwise provided herein.

THE SEATTLE HOUSING AUTHORITY

By  _____

Its Executive Director _____

Date of Execution by Agency 12-30-98 _____

UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

By  _____

Its _____

Date of Execution by HUD _____

APPENDIX
TO
MOVING TO WORK DEMONSTRATION AGREEMENT
BETWEEN
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND
THE SEATTLE HOUSING AUTHORITY

Statement of Authorizations

- I. **General Conditions**
- A. This Statement of Authorizations describes the activities that the Seattle Housing Authority (SHA) may carry out under the Moving to Work Demonstration program (MTW), subject to the terms and conditions of the Moving to Work Demonstration Agreement (MTW Agreement) between the SHA and the U.S. Department of Housing and Urban Development (HUD).
- B. The term of the MTW Agreement and of the SHA's demonstration program is five (5) years, commencing on the date of the execution of the MTW Agreement by HUD. If the Agreement is executed in the middle of the SHA fiscal year, the demonstration will remain in effect for five (5) years from the start of the next fiscal year, but all MTW provisions will be effective immediately upon execution of this Agreement.
- C. HUD's evaluation plan for the MTW Demonstration may be reviewed by the SHA in advance of implementation. The SHA has 30 days to review the evaluation criteria; any objections to the evaluation will be forwarded to HUD for further consideration.
- D. Unless otherwise provided in this Agreement, SHA's MTW demonstration applies to all of SHA's public housing units and tenant-based Section 8 assistance. However, notwithstanding this Agreement, any public housing development in the Jobs Plus initiative will be administered in accordance with the terms of the agreement between HUD and SHA pertaining to the Jobs Plus initiative.

II. Occupancy Policies

A. Site Based Waiting List System

Subject to prior HUD written approval of a formal Site-Based Waiting List Implementation Plan and revised Tenant Selection and Assignment Plan, the SHA may implement a site-based or geographic area waiting list. In submitting this plan, the SHA must demonstrate how it will conduct affirmative fair housing marketing and how it will maintain records and files for auditing purposes.

B. Conditional Housing Program

The SHA may develop and adopt a new short-term Transitional Housing Program in one or more buildings. This program will be available to mixed populations of seniors and persons with disabilities who have been screened out of SHA's regular housing program. This transitional housing program will provide marginally unsuitable public housing applicants with the opportunity to demonstrate that they are capable of being lease compliant. Successful participants in this program will be eligible for transfer to SHA's regular housing program. This program must not have a disparate impact on protected classes, and must be operated in a manner that is consistent with the requirements of Section 504 of the Rehabilitation Act. Any services provided in this program will be offered on a voluntary basis only.

C. Time Limited Housing Assistance for Participants in City Jobs Programs

The SHA is authorized to develop and adopt a voluntary time limited housing assistance demonstration for participants in City jobs programs. The SHA will establish a system of local preferences for admission for applicants who are enrolled in City jobs programs, and who volunteer to participate in this time limited program. Applicants who receive housing assistance under this preference will be given a time limited housing stipend in lieu of a Section 8 voucher or public housing unit. Applicants who choose to accept this option will be provided with a stipend to assist in their housing costs for a specified period of time, provided that this time is not less than three years. Applicants who do not choose to participate in this program will retain their place on the waiting list. SHA must adopt a hardship policy, and families whose housing assistance is terminated as a result of the time limit will be eligible to reapply for housing assistance. SHA will submit Multifamily Tenant Characteristics System (MTCS) data to HUD annually for all families, including those receiving a time limited stipend.

D. Mandatory Requirements and Incentives for Self-Sufficiency

The SHA is authorized to develop and adopt policies that establish mandatory self-sufficiency program participation requirements for new employable, but not currently employed, residents entering agency-owned developments. Applicants not willing to participate in such programs will be allowed to enter other agency owned developments that do not have such requirements. Current Section 8 participants and residents of targeted public housing facilities will be provided with incentives to participate, but will not be required to participate in self-sufficiency programs.

IV. Family Self-Sufficiency Plans

The SHA is authorized to operate its Family Self-Sufficiency program without any specific requirements governing program size or participation requirements, provided that if the SHA receives funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator. In addition, the SHA is authorized to develop the following programs in accordance with its Family Self-Sufficiency program:

A. City Partnership to Share Self-Sufficiency Program Responsibilities

The SHA is authorized to develop and adopt a partnership with the City of Seattle to share responsibilities and resources to establish a new integrated Family Self-Sufficiency (FSS) Program with uniform rules for Section 8 and public housing residents. The SHA will refer residents to programs funded by the City and will administer the residents' escrow savings accounts while the City funded providers will assist participants in developing their FSS Plans and will direct participants to job training and placement opportunities.

B. Jobs Resource Centers in Family Communities

The SHA is authorized to create new Jobs and Resource Centers in large SHA family public housing communities. These Centers will be staffed by the SHA, City of Seattle and State of Washington employees to effectively link Section 8 participants and public housing residents with welfare reform information and self-sufficiency opportunities.

V. Funding Issues

A. Single Fund Budget with Full Flexibility

1. Pursuant to Article I.B. of the MTW Agreement, the SHA may combine its public housing operating subsidies and modernization funds, and its

tenant-based Section 8 assistance into a single, authority-wide funding source. The SHA may use this funding source to carry out the purposes of the MTW demonstration to provide flexibility in the design and administration of housing assistance to eligible families, to reduce cost and achieve greater cost effectiveness in Federal expenditures, to give incentives to families with children where the head of household is working, seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient, and to increase housing choices for low-income families, through but not limited to the following activities:

- a. Provision of modernization or operating assistance to housing previously developed or operated pursuant to a contract between the Secretary and the SHA or newly acquired or developed pursuant to section b below.
- b. The acquisition, new construction, reconstruction or moderate or substantial rehabilitation of housing, or commercial facilities which are consistent with the objectives of the demonstration, which may include but is not limited to real property acquisition, site improvement, development of utilities and utility services and energy efficiency systems, conversion, demolition, financing, administration and planning costs, relocation and other related activities; provided, however, that prior HUD approval is required for the development of any incremental public housing units.
- c. The provision of housing or employment-related services, such as housing counseling in connection with rental or home ownership assistance, energy auditing, activities related to the provision of self-sufficiency and other services, employment counseling, education, training and other services related to assisting tenants, owners, contractors, and other persons or entities participating or seeking to participate in other housing or training and educational activities assisted pursuant to this section.
- d. The provision of management services, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant and project-based rental assistance and management of housing projects or other facilities or operations developed under this program.

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- e. The provision of safety, security, and law enforcement measures and activities appropriate to protect residents of housing from crime.
 - f. The provision of tenant-based or project-based rental assistance, alone or in conjunction with other private or public sources of assistance.
 - g. The preservation of units currently serving people of low income or the acquisition and/or development of new units for people of low income.
 - h. The operation or preservation of locally-developed housing programs.
- 2. The above activities may be carried out by the SHA, by an entity, agent, or instrumentality of the SHA, a partnership, a grantee, contractor, or other appropriate party or legal entity.
 - 3. The SHA expenditures will be in compliance with OMB Circular A-87, which provides basic guidelines for the use of federal funds, and this Agreement. Program-specific funding regulations governing allowable expenditures are suspended to the extent they are inconsistent with this Agreement.
 - 4. Time lines for the obligation and expenditure of funds for the duration of the demonstration will be established by the SHA in accordance with its Annual MTW Plan. The SHA will not be subject to the obligation and expenditure guidelines established in the Comprehensive Grant Program.
 - 5. The SHA may maintain a reasonable operating reserve consistent with sound public and private housing management practices, however no replacement reserve may be maintained.
 - 6. Prior Year Funds

The SHA is authorized to use unobligated modernization funds from years prior to the implementation of MTW in accordance with this Agreement.

B. Funding Methodology

During the term of the MTW demonstration, HUD will provide the SHA with public housing

operating subsidies and modernization funds, and with tenant-based Section 8 assistance, as provided in Attachment A.

C. Adoption of State of Washington Investment Policies

The SHA is authorized to adopt State of Washington Investment Policies that will allow the SHA flexibility to invest its financial resources productively and efficiently. The SHA shall invest only in securities authorized under the Washington State Housing Authority Law.

D. Funding Disbursements

The SHA will receive its funding in accordance with the following disbursement requirements:

1. Operating Subsidies

The operating subsidies determined in accordance with Attachment A will be disbursed in accordance with standard HUD procedures for the disbursement of public housing operating subsidies.

2. Modernization Funds

- a. The modernization funds determined in accordance with Attachment A will be disbursed in accordance with standard HUD procedures for the disbursement of public housing modernization funds.
- b. In requisitioning these funds, the SHA will not be required to provide line item detail, but will request the funds using a single MTW line item; provided, however that the SHA may not accelerate draw downs of funds in order to fund reserves.
- c. The SHA may use these funds for any eligible MTW activity consistent with this Agreement.

3. Section 8 Tenant Based Assistance

Tenant-based Section 8 funds will be disbursed by HUD to the Agency in accordance with standard HUD procedures for the disbursement of such funds.

VI. Changes to Section 8 Tenant Based Assistance Programs

A. The SHA is authorized to merge Section 8 vouchers and certificates into a single program with one set of rules and to create its own Tenant Based Assistance Program. Under such a program, the SHA will be authorized to determine the following:

1. Reasonable contract rent increases;
2. Tenant ability to exceed Brooke Amendment rents, subject to Article I. I of the MTW Agreement;
3. Lease length, certificate expiration and reissuance (more specifically, MTW will allow for the suspension of HUD lease terms and term of assistance contracts);
4. Income qualification to participate in rental assistance program (although the SHA's intent is to continue to serve very low income residents through rental assistance);
5. Property eligibility criteria, including types of units currently prohibited by Section 8 regulations (for example, assisted living facilities, congregate housing, or SROs.)
6. Waiting list procedures and tenant selection process;
7. The content of housing assistance payments contracts to owners;
8. The content of contract rental agreements; and
9. Damage claims and/or vacancy loss policy.
10. The SHA is authorized to determine what percentage of its rental/leased housing assistance will be project-based.

B. With prior HUD approval, the SHA may cooperate with other housing authorities in order to further the goals of the MTW demonstration.

VII. Administrative Issues

A. The SHA Annual MTW Plan and Annual MTW Report

1. In lieu of the five (5) year plan and annual plan required by Section 5A of the 1937 Act, as amended, the SHA will prepare and will conduct its activities in accordance with an Annual MTW Plan and Annual MTW Report. The Annual MTW Plan will serve as a comprehensive framework for SHA's activities, including resource allocation decisions, and will be submitted to HUD for its review annually, no later than 60 days prior to the start of SHA's fiscal year (except that in the first year of the MTW demonstration it will be submitted within a reasonable period of execution of this Agreement). The Annual MTW Plan shall be submitted to HUD

with a board resolution approving the plan and certifying that a public hearing has been held regarding the plan. HUD will review the Annual MTW Plan for consistency with this MTW Agreement. The elements to be included in the Annual MTW Plan and the Annual MTW Report are described in Attachment B. The Annual MTW Plan and Annual MTW Report will be submitted to HUD in a reasonable format to be specified by HUD.

2. The SHA will prepare an Annual MTW Report, including a Consolidated Financial Report describing the sources and uses of funds under this Agreement, which will compare the SHA's performance with its Annual MTW Plan. The Annual MTW Report will provide the information necessary for HUD to assess the SHA's performance, in both regular operations and in activities authorized by the MTW Demonstration Program. All HUD forms and other reporting mechanisms, including any required certifications, will, where appropriate, be included in either the Annual MTW Plan or the Annual MTW Report, and will not be submitted to HUD at other times during the year. However, HUD reserves the right to conduct independent physical inspections of SHA property and to require submission of any other information required by law or for sound administration of the program. The Annual MTW Report will be submitted to HUD for its review annually, no later than 60 days after the end of the SHA's fiscal year, except the first report will be submitted within a reasonable period of the end of the fiscal year for which there is an Annual MTW Plan. The SHA shall submit with the Annual MTW Report, a board resolution approving the Report. HUD will review the Annual MTW Report for consistency with the Annual MTW Plan. The elements to be included in the Annual MTW Plan and the Annual MTW Report are described in Attachment B. The Annual MTW Plan and Annual MTW Report will be submitted to HUD in a reasonable format to be specified by HUD
3. During the term of the MTW demonstration, to the extent provided in this Statement of Authorizations and unless otherwise specified, the SHA's Annual MTW Plan and Annual MTW Report will replace only those program-based reporting requirements which are applicable to the receipt of public housing operating subsidies and modernization funds and/or tenant-based Section 8 funds.
4. The SHA will submit an annual audit that complies with the requirements of OMB Circular A-133 (as provided by Article 1, Section 1, of the MTW Agreement), including the OMB Compliance Supplement, as determined

by the auditor to be relevant to the MTW demonstration

B. Suspension of Current Evaluation and Reporting Requirements

1. During the term of the MTW demonstration, the SHA will be evaluated by HUD on the basis of its Annual MTW Report, in lieu of the Public Housing Management Assessment Program (PHMAP), or its successor system, and the Section 8 Management Assessment Program (SEMAP) and other program-based evaluation requirements, except as otherwise provided in this Agreement.
2. Whereas the SHA is currently a High Performer under PHMAP and whereas both PHMAP and the proposed Public Housing Assessment System (PHAS) are being waived, the SHA will be entitled to any and all incentives, including bonus points, which may be applicable to any competitive proposals offered under the new PHAS System. During the course of the MTW demonstration and upon re-entry into PHMAP or any successor system, the SHA will retain its current PHMAP, or comparable, score.

C. Simplification of the Wage Rate Monitoring Process

Subject to prior HUD approval, the SHA is authorized to create a reasonable and less expensive process for determining, applying and reporting HUD determined wage rates for federally funded activities and for receiving contractor assurance of their use.

D. Simplification of the Development and Redevelopment Process

The SHA is authorized to develop and adopt reasonable policies and procedures that will simplify and streamline the HUD approval process for redevelopment and redevelopment activities involving building demolition, property disposition, homeownership opportunities and mixed finance agreements and partnerships.

1. The SHA is authorized to establish reasonable cost limits for development and redevelopment activities that will replace HUD's Total Development Cost (TDC) limits in order to reflect local marketplace conditions for quality construction in Seattle.
2. The SHA is authorized to establish reasonable and modest design guidelines, unit size guidelines and unit amenity guidelines for development and redevelopment activities that will replace HUD guidelines with guidelines that reflect local marketplace conditions for

quality construction in Seattle.

3. The SHA may submit for HUD approval, a model set of regulatory and loan documents that incorporates HUD's critical statutory and policy requirements for affordability and operations. If approved as to form, these documents may be used for applicable project financing efforts.
4. The SHA is authorized to establish reasonable low-income home ownership programs, such as a lease-to-own program, that are not limited by the existing Nehemiah and 5(h) program requirements, provided that any disposition of current public housing units must be approved in advance by HUD.
5. The SHA is authorized to acquire sites without prior HUD approval, provided that the SHA certifies that HUD site selection requirements have been met.

E. Simplification of the Process to Project-Base Section 8 Certificates and Vouchers

The SHA is authorized to develop and adopt a reasonable policy and process for project-basing Section 8 certificates and/or vouchers during the MTW demonstration, as follows:

1. The SHA is authorized to project-base Section 8 Certificates and Vouchers at otherwise non-subsidized units owned by SHA that meet HQS standards.
2. The SHA is authorized to establish a reasonable competitive process for project-basing Section 8 Certificates and Vouchers at otherwise non-subsidized units that meet HQS standards and that are owned by non-profit housing entities in Seattle.
3. The SHA is authorized to establish a reasonable competitive process for project-basing Section 8 Certificates and Vouchers at otherwise non-subsidized units that meet HQS standards and that are owned by Seattle for-profit housing developers and property managers.
4. HUD reviews and approvals related to the project-basing of Section 8 Certificates and Vouchers are suspended during the MTW demonstration.

F. Simplification of Housing Management Practices

1. The SHA may develop and adopt reasonable policies and procedures that will simplify, streamline and enhance the delivery of management and

maintenance services to SHA owned and operated communities and that will remain in effect throughout the 5 year MTW demonstration period. New policies and procedures that are in conflict with existing HUD rules will be finalized after consultation with, and approval by HUD.

2. The SHA is authorized to deploy a risk management approach in establishing property and system inspection protocols and frequencies in lieu of the HUD requirements of annual inspections by the PHAs.
3. The SHA is authorized to develop and adopt a new form of lease and to establish community rules based on proven private management models, provided that no-cause evictions are not permitted.
4. The SHA is authorized to deploy a cost benefit approach in establishing energy auditing protocols and frequencies in lieu of the HUD requirement that energy audits be performed every five years.

VIII. Changes to Procurement Requirements

A. Subject to prior HUD approval, the SHA shall be exempt from HUD regulations in 24.C.F.R. 85.36, as follows:

1. the SHA may utilize qualifications based procurement as described in 24 C.F.R 85.36(d)(3)(v) for construction contracts and other procurement of services where the SHA deems said system the most suitable.
2. the SHA may utilize an alternative system of procurement, subject to the following certifications by the SHA in relation to each transaction:
 - a. The contract price is reasonable for the goods, services, or property which is the subject of the contract.
 - b. The selected contractor is qualified to perform the terms of the contract
 - c. No individual member, officer, or employee of the SHA shall derive personal financial benefit from nor hold an interest in the contract.
 - d. Reasonable efforts to procure competitive prices and services were made.
3. the SHA may enter into contracts with any related nonprofit of the SHA,

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provided that the following certifications are made with respect to each transaction:

- a. The contract price is reasonable for the goods, services, or property which is the subject of the contracts and is competitive with prices the market.
 - b. The nonprofit or the SHA, as applicable, is qualified to perform the terms of the contract.
 - c. No individual member, officer, or employee of the SHA shall derive personal financial benefit from nor hold interest in the contract.
 - d. The member, officer, or employees of the SHA and the nonprofit involved the transaction, where such persons are the same, have fulfilled their fiduciary relationship to both organizations, and the contract will be of benefit, and not to the detriment of either or both of the organizations.
 - e. All costs associated with such transactions shall be allocated in accordance with basic cost allocation principles as required by OMB Notice A-122.
 - f. The SHA shall provide a consolidated balance sheet covering both the SHA and the nonprofit as it relates to utilization of HUD funds.
- B. SHA has requested that HUD preempt state procurement law. This may require rulemaking. HUD ~~will~~ ^{may} pursue this course of action at HUD's sole discretion.
- C. SHA may use its own form for construction contracts rather than a HUD prescribed form, provided that such form contains all applicable HUD requirements.

Attachment A

Calculation of Subsidies

During the term of the MTW demonstration, HUD will provide the agency with operating subsidy, modernization funds, and Section 8 assistance as described below.

Definitions in this Attachment

Initial Year = The first Agency fiscal year in which the Agency begins operating under its MTW authority, which may be the same year as that in which the Agreement is executed.

Base Year = The most recently completed Agency fiscal year prior to the Initial Year.

MTW Units = Units authorized for participation in MTW activities, as provided in Section 1 of the Appendix to this Agreement.

1. Operating Subsidy

A. Formula

Each year, the agency will calculate Operating Subsidy, in accordance with instructions provided by HUD. The intent of these instructions is as follows:

- **Utility subsidy.** The agency's utility consumption is frozen for the life of the demonstration based on the three-year rolling-base in effect in the base year. Each year thereafter, the agency multiplies this frozen consumption by utility rates that are in effect at the time of budget submission. The agency is held harmless for any changes in utility prices (resulting in year-end adjustments for actual utility rates) but takes the risk/reward for any change in consumption. Any reduction in utility rates that result from administrative actions taken by the agency will be shared equally with HUD in accordance with regulations in effect upon execution of this agreement. Alternately, a PHA may choose to keep the full savings in prices if it elects to freeze both consumption and price in the base year for utilities.
- **Non-utility subsidy.** The agency will receive under MTW an amount equal to the non-utility subsidy eligibility in the base year assuming 97 percent occupancy. This amount is then adjusted annually by both the

simplified delta and the Allowable Expense Level (AEL) inflation factor. Dwelling rental, non-dwelling rental, and add-ons are fixed in the base year, with the following adjustments.

- *Occupancy percentage.* In the base year, occupancy is calculated as 97 percent. Each year thereafter, a PHA may request an add-on for vacancies beyond the control of the PHA. If approved, these vacant units will be funded at the base year dwelling rental income, multiplied by the cumulative AEL inflation factors.
- *Add-ons.* Transition funding for demolished units, long-term vacant unit funding, and funding for deprogrammed units will not be fixed in the base year but will be treated as add-ons each subsequent year. Additionally, if a PHA fixes a Family Self-Sufficiency (FSS) add-on into the base year, it must continue to maintain an equivalent level of effort throughout the demonstration for FSS-type activities.
- *Simplified delta.* In the first year, the simplified delta (.005) is multiplied by the actual amount entered on line 2a of the HUD-52723 from the base year. The resulting figure is then carried forward to the next year and multiplied again by the simplified delta. This procedure is to be followed in years three through five.

B. Unit Months Available (UMAs)

UMAs cannot exceed those UMAs established on the Performance Funding System (PFS) worksheet for the initial year of the demonstration. An agency may draw down additional UMAs up to the number of units under Annual Contributions Contract (ACC) as of August 21, 1996, provided that the agency did not receive Section 8 replacement housing for these units and provided that the agency remains accountable for serving substantially this number of households.

C. Subsidy pro-ration

Each agency will be subject to the same subsidy proration as non-MTW agencies. Hence, if the Congress appropriates only 97 percent of PFS eligibility, an agency will receive only 97 percent of its block grant operating subsidy for that year.

D. Demolition

For any units demolished during the demonstration period, an agency will have three options:

- Retain the UMAs by serving the same number of eligible families and not receive transitional funding or Section 8 replacement housing;
- Apply for Section 8 replacement housing. Once received, the agency will no longer be eligible for transitional funding and will reduce its UMAs; or
- Receive transitional funding, but not Section 8 funding. The UMAs will then be reduced as the transitional funding becomes effective.

E. Mandatory year-end adjustments

Mandatory year-end adjustments will be performed for: actual utility rates and any change in UMAs. An agency may also request a year-end adjustment for any vacancies beyond the agency's control that were not budgeted for and if the subsidy pro-ratio projection provided by HUD was later modified.

F. Financial reporting

An agency will submit a consolidated year-end financial statement for all MTW program activities and all other reports that HUD may require.

2. Comprehensive Grant Program

- a) An Agency's formula characteristics and grant amount will continue to be calculated in accordance with current law as of the date of execution of this Agreement.
- b) For modernization funds provided in years prior to the execution of this Agreement, an agency may submit, and HUD will approve, a request to reprogram, by grant year, any unobligated funds for eligible MTW purposes. Such request will be made in accordance with current procedures governing amendments to the Annual Plan under the current Comprehensive Grant Program, except that no public consultation will be necessary prior to submission of the request.

- c) All funds programmed for MTW purposes will be recorded and drawn down from MTW-designated line items on relevant HUD forms.

3. Section 8 Tenant Based Assistance

Units Eligible for Inclusion in Flexible Block Grant

- a) Conversion of existing Section 8 certificates and vouchers to Moving to Work units will be conducted according to instructions provided by HUD. A list of Section 8 units eligible for inclusion in the block grant ("MTW units") upon execution of this Agreement will be provided by HUD along with the instructions.
- b) The number of MTW units will not be adjusted throughout the duration of the demonstration unless: 1) any units under ACC that are not available upon execution of this Agreement become available for MTW purposes upon renewal or as otherwise authorized by HUD or 2) the Agency receives incremental Section 8 units, which the Agency may choose to convert into the block grant or to operate as a separate program, as provided in law.

Calculation of Annual Subsidy

Initial year of MTW Participation:

- a) For the certificate and voucher programs, respectively, divide Total Funds Required by the Number of Unit Months, as provided in year-end settlement data for the base year. Combine the sum of these calculations in a weighted average to calculate a weighted, base year per unit cost. Multiply this amount by the inflation factor established for the calculation of renewals to arrive at an inflation-adjusted, MTW program per unit cost (MTWPUC) for the initial year.
- b) Multiply the MTWPUC by the total number of MTW units and the number of months $[MTWPUC \times MTW \text{ Units} \times 12]$ to arrive at a total MTW subsidy amount to be disbursed that year.

Second and Subsequent Years of MTW Participation:

- a) Multiply the total MTW subsidy established in the previous year (excluding reserves) by the annual inflation factor established for the calculation of renewal

of Section 8 contracts to arrive at the current year's inflation-adjusted Section 8 MTW subsidy.

Reserves

- a) An amount equal to two months' program costs ($\text{MTWPUC} \times \text{MTW units} \times 2$) will be made available from existing Agency reserves for use as project reserves for MTW-eligible units.
- b) There will not be a year-end settle-up of annual funds provided for MTW units. All funds provided through this calculation will remain available for authorized purposes.

Instructions for Completing HUD-Form 52723 (5/96)
Calculation of PFS Operating Subsidy

A. Base year

Recompute the HUD-52723 using 97 percent occupancy (line 17) only if the agency used an occupancy percent that was less than 97 percent.

B. Initial year

Complete the HUD-52723, but with the following adjustments.

- Line 1, Previous AEL. For this figure, enter the product of the following equation, taken from the base year.
 - Line 30, Deficit before year-end adjustments.
 - Less: Line 10, Costs attributable to deprogrammed units
 - Less: Line 28a, Transition funding for demolished units.
 - Less: Line 28e, Long-term vacant units
 - Equals: Deficit before year-end adjustments, excluding funding for deprogrammed, transitional, and long-term vacant units.
 - Divided by: UMAs
 - Equals: Total subsidy, PUM
 - Less: AUEL (line 8)
 - Equals: Non-utility subsidy, PUM

Note: The above calculation determines the amount of non-utility subsidy in the base year, prior to year-end adjustments, subsidy pro-ration, and funding for deprogrammed units, transitional funding, and long-term vacant units.

- Line 2a. Take line 2a from base year and multiply by 1.005
- Line 2b through Line 4. Leave blank
- Line 5. Total of line 1 and line 2.
- Line 6. Enter AEL inflation factor.
- Line 7. Revised non-utility PUM (line 5 times line 6)
- Line 7a-b. Leave blank.
- Line 8. Multiply utility consumption from base year times current prices and then

- divide by UMA.
- Line 9. Leave blank.
- Line 11. Total subsidy eligibility. Line 7 plus line 8. This is the subsidy eligibility before pro-ration and add-ons.
- Part B. Leave blank.
- Part C. Leave blank.
- Line 24. Line 11 times UMAs.
- Line 25 through 28a. Leave blank
- Lines 28b-f. Enter adjustments as necessary.
- Line 28g. Enter adjustment for below-97 percent occupancy (if necessary).
- Line 29. Enter totals of lines 28b through 28g.
- Line 30. Line 24 plus line 29.
- Line 31-39. Leave blank.
- Line 40. Enter subsidy pro-ration.
- Line 41. Line 30 less line 40. This represents the agency's subsidy amount for the subject fiscal year.

C. Years Two through Five

Complete the HUD-52723, with the following adjustments.

- Line 1. Enter line 7 from previous year.
- Line 2. Multiply line 2 from previous year by 1.005
- All other lines. Complete as per instructions for Initial Year.

Attachment B

MTW ANNUAL PLAN AND REPORT ELEMENTS

ANNUAL PLAN	ANNUAL REPORT
<p>I. HOUSEHOLDS SERVED</p> <p>A. Number and characteristics of households served at beginning of period, by:</p> <ul style="list-style-type: none"> - unit size - family type (family vs. elderly or disabled) - income group (<30: 30-50; 50-80;>80) - housing type (LRPH; leased, other) - race & ethnicity <p>B. Identify number and characteristics of households on waiting lists (all housing types). Discuss waiting list issues and proposed actions</p> <p>C. Number projected to be served at end of period</p> <p>D. Narrative discussion/explanation of change</p>	<p>I. HOUSEHOLDS SERVED</p> <p>A. Number served: plan vs actual by</p> <ul style="list-style-type: none"> - unit size - family type - income group - program/housing type - race & ethnicity <p>B. Changes in tenant characteristics</p> <p>C. Changes in waiting list numbers and characteristics</p> <p>D. Narrative discussion/ explanation of difference</p>
<p>II. OCCUPANCY POLICIES</p> <p>A. Statement of policies governing eligibility, selection, admissions, assignment, and occupancy of families, including the admissions policy under section 16(a)(3)(B) for deconcentration of lower-income families</p> <p>B. Statement of Rent Policy</p>	<p>II. OCCUPANCY POLICIES</p> <p>A. Changes in concentration of lower-income families, by program</p> <p>B. Changes in Rent Policy, if any</p> <p>C. Narrative discussion/explanation of change</p>

<p>III. CHANGES IN THE HOUSING STOCK</p> <p>A. Number of units in inventory at beginning of period by program (LRPH, leased, other)</p> <p>B. Projected number at end of period by program</p>	<p>III. CHANGES IN THE HOUSING STOCK</p> <p>A. Number of units in inventory by program: planned vs actual</p> <p>B. Narrative discussion/explanation of difference</p>
<p>IV. SOURCES AND AMOUNTS OF FUNDING</p> <p>A. Identify/discuss all sources and amounts of funding included in consolidated budget statement</p> <p>B. Identify/discuss sources, amounts, and planned uses of special purpose funds outside the consolidated budget (e.g., DEG)</p> <p>C. Consolidated Budget Statement</p>	<p>IV. SOURCES AND AMOUNTS OF FUNDING</p> <p>A. Planned vs actual funding amounts</p> <p>B. Narrative discussion/explanation of difference</p> <p>C. Consolidated Financial Statement</p>
<p>V. USES OF FUNDS</p> <p>A. Previous year expenditures by line item</p> <p>B. Planned expenditures by line item</p> <p>C. Description of proposed activities/investments by line item/explanation of change from previously approved plan</p> <p>D. Reserve balance at beginning of year. Discuss adequacy of reserves</p>	<p>V. USES OF FUNDS</p> <p>A. Budgeted vs actual expenditures by line item</p> <p>B. Narrative/explanation of difference</p> <p>C. Reserve balance at end of year. Discuss adequacy of reserves</p>
<p>VI. CAPITAL PLANNING</p> <p>A. Describe major capital needs and projects, estimated costs, and proposed timetables</p>	<p>VI. CAPITAL PLANNING</p> <p>A. Planned vs actual expenditures by property</p> <p>B. Narrative discussion/explanation of</p>

B. Identify planned expenditures C. Demolition and Disposition Requests, if planned D. Homeownership activities, if any	difference
VII. MANAGEMENT INFORMATION FOR OWNED/MANAGED UNITS	
A. VACANCY RATES 1. Vacancy rates by property beginning of period 2. Narrative: issues and proposed actions 3. Target rates by property at end of period	A. VACANCY RATES 1. Target vs actual vacancies by property 2. Narrative/explanation of difference
B. RENT COLLECTIONS 1. Rents Uncollected (%) beginning of period 2. Narrative: issues and proposed actions 3. Target % at end of period	B. RENT COLLECTIONS 1. Target vs actual collections 2. Narrative/explanation of difference
C. WORK ORDERS 1. Response rates beginning of period <ul style="list-style-type: none"> • % emergency within 24 hrs • % regular within 30 days 2. Narrative: issues and proposed actions 3. Target rates at end of period	C. WORK ORDERS 1. Target vs. actual response rates 2. Narrative/explanation of difference
D. INSPECTIONS 1. Description of inspection strategy 2. Planned inspections (% this FY)	D. INSPECTIONS 1. Planned vs actual inspections completed 2. Narrative/discussion of difference

	3. Results of independent PHAS inspections
E. SECURITY 1. Narrative: security issues and proposed actions	E. SECURITY 1. Narrative: planned vs actual actions/ explanation of difference
VIII. MANAGEMENT INFORMATION FOR LEASED HOUSING	
A. LEASING INFORMATION 1. Units under lease (%) beginning of period 2. Target lease up rate at end of period 3. Plans regarding: <ul style="list-style-type: none"> • Ensuring rent reasonableness • Expanding housing opportunities • Deconcentration of low-income families 3. Issues and proposed actions	A. LEASING INFORMATION 1. Target vs actual lease ups at end of period 2. Information and Certification of Data on Leased Housing Management, including: <ul style="list-style-type: none"> • Ensuring rent reasonableness • Expanding housing opportunities • Deconcentration of low-income families 3. Narrative/explanation of differences
B. INSPECTION STRATEGY 1. Description of inspection strategy, including: <ul style="list-style-type: none"> a) Planned inspections completed (% this FY) by category: <ul style="list-style-type: none"> * Annual HQS inspections * Pre-contract HQS inspections * HQS Quality Control Inspections b) HQS Enforcement 	B. INSPECTION STRATEGY 1. Results of strategy, including: <ul style="list-style-type: none"> a) Planned vs actual inspections completed by category: <ul style="list-style-type: none"> * Annual HQS inspections * Pre-contract HQS inspections * HQS Quality Control Inspections b) HQS Enforcement 2. Narrative/discussion of difference
IX. RESIDENT PROGRAMS 1. Description of activities	IX. RESIDENT PROGRAMS 1. Narrative: planned vs actual actions/

2. Issues and proposed actions	<p>explanation of difference</p> <p>2. Results of latest PHAS Resident Survey, or equivalent as determined by HUD.</p>
X. OTHER INFORMATION REQUIRED BY HUD	
<p>A. Board Resolution</p> <ul style="list-style-type: none"> • Adopting Plan • Certifying that Public Hearing Requirements were met <p>B. Required Certifications and other submissions from which the Agency is not exempted by the MTW Agreement</p> <p>C. Submissions required for the receipt of funds</p>	<p>A. Results of latest completed 133 Audit, (including program-specific OMB compliance supplement items, as applicable to the HA's Agreement)</p> <p>B. Required Certifications and other submissions from which the Agency is not exempted by the MTW Agreement</p> <p>C. Submissions required for the receipt of funds</p>

RESOLUTION NO. 4492

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A
MOVING TO WORK DEMONSTRATION PROGRAM AGREEMENT WITH THE
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WHEREAS, on December 31, 1996, the Department of Housing and Urban Development (HUD) requested high performing housing authorities to submit proposals to participate in the Moving to Work (MTW) Demonstration Program to design and test new ways of providing housing assistance and need services to low-income households; and

WHEREAS, on May 16, 1997, after receiving input from residents and the public, the Authority submitted a MTW Application to HUD which requested authorization to adopt new policies and procedures to more effectively serve the low-income people of Seattle; and

WHEREAS, on October 31, 1997, the Authority was one of twenty-four housing authorities selected by HUD to participate in the MTW Demonstration Program; and

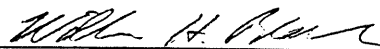
WHEREAS, HUD has now developed a MTW Agreement which provides the Seattle Housing Authority with the authority to investigate and adopt new policies and to flexibly use HUD funding to maximize the effectiveness of this important resource; and

WHEREAS, HUD has requested that the Seattle Housing Authority Board of Commissioners authorize the execution of this MTW Agreement.

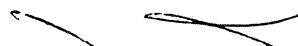
NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Seattle Housing Authority as follows:

1. The Executive Director is authorized to enter into and execute the Moving to Work Agreement with the Department of Housing and Urban Development in substantially the form attached.
2. The Board of Commissioners instructs staff to set up a series of briefings and a Board Retreat to ensure that the implementation of the MTW program is in compliance with the Seattle Housing Authority's mission and values.

ADOPTED by a majority of the members of the Board of Commissioners and signed by me in open session in authentication of its passage this 21st day of December 1998.



Chair



Secretary-Treasurer

CERTIFIED BY:

EXTRACT FROM THE MINUTES OF A REGULAR MEETING
OF THE HOUSING AUTHORITY OF THE CITY OF SEATTLE
HELD ON DECEMBER 21, 1998

The Commissioners of the Housing Authority of the City of Seattle met in regular session at the offices of the Authority at 120 Sixth Avenue North, Seattle, Washington, on December 21, 1998.

Chair Block called the meeting to order at 5:10 p.m. and upon roll call, those present and absent were as follows:

Present: William Block
Marie Cook
Peter Moy (phone)
Bettylou Valentine (phone)

Absent: Judy Fay
Harris Hoffman

The Chair declared a quorum was present.

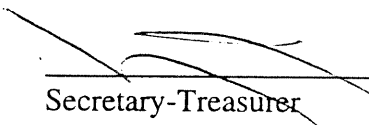
The Board considered the following resolution as part of its Regular Agenda:

RESOLUTION NO. 4492
RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR
TO EXECUTE A MOVING TO WORK DEMONSTRATION
PROGRAM AGREEMENT WITH THE
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

Ron Atkielski, Special Assistant to the Executive Director, presented an amended Resolution No. 4492 to the Board. Staff provided some history about Moving to Work and noted that SHA is one of only 24 housing authorities selected to participate in this important Demonstration. It was pointed out that after many months of work, HUD completed a Moving to Work (MTW) agreement attached to Resolution No. 4492. SHA expects the agreement to enhance SHA's ability to fully implement its strategic plan, maximize HUD resources, and improve SHA's ability to deliver services to residents.

Commissioner Cook asked for and received clarification that proper contracting and purchasing policies are in place. Chair Block offered a friendly amendment to the resolution as follows: Add Item 2 to read, "The Board of Commissioners instructs staff to set up a series of briefings and a Board Retreat to ensure that the implementation of the MTW program is in compliance with the Seattle Housing Authority's mission and values." After discussion, the Board unanimously approved the resolution, as amended, on a motion by Commissioner Cook, seconded by Commissioner Moy.

There being no further business to come before the Board, the Chair adjourned the meeting at 6:10 p.m.


Secretary-Treasurer